

## Message Text

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42

ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-14

STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 SAL-01 OMB-01

RSR-01 NEA-10 EA-11 /199 W  
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R 301431 Z MAR 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0125

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

UNCLAS SECTION 01 OF 02 LONDON 03741

PASS AGRICULTURE

E. O. 11652: N/A

TAGS: EAGR EEC

SUBJECT: UK REACTION TO BRITISH MINISTER OF AGRICULTURE'S ADVOCACY OF CAP PRICE FREEZE

1. SUMMARY: CONSIDERABLE INTEREST AND ATTENTION HAS BEEN AROUSED IN THE UK BY THE BRITISH MINISTER OF AGRICULTURE'S STATEMENT AT THE MEETING OF THE COUNCIL OF AGRICULTURAL MINISTERS IN BRUSSELS ON MARCH 27 IN UNCLASSIFIED

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WHICH HE ADVOCATED A FREEZE ON CAP PRICES IN 1973/74. CONSIDERABLE HOSTILITY TO MR. GODBER'S PROPOSALS HAS BEEN VOICED BY THE BRITISH NATIONAL FARMERS' UNIONS. END SUMMARY.

2. FOLLOWING HIS STATEMENT AT THE MEETING OF THE COUNCIL OF AGRICULTURAL MINISTERS IN BRUSSELS ON MARCH 27 IN WHICH HE STRONGLY PRESSED FOR A FREEZE ON CAP PRICES IN 1973/74, UK MINISTER OF AGRICULTURE GODBER MADE A HOUSE OF COMMONS STATEMENT ON MARCH 28. GODBER EXPLAINED TO THE HOUSE THE COMMISSION'S PROPOSALS FOR 1973/74 FARM PRICES INCLUDING SUBSTANTIAL INCREASES IN THE PRICE OF BEEF AND SMALLER RAISES IN CEREALS, MILK AND PIG MEAT. HE EXPLAINED THE PROPOSAL TO ADD TO THESE INCREASES A MARGIN OF 2.76 PERCENT REPRESENTING THE AMOUNT BY WHICH THE BENELUX COUNTRIES HAVE APPRECIATED IN RELATION TO THE UNIT OF ACCOUNT. GODBER TOLD MPS HE HAD STRESSED THE IMPORTANCE OF AVOIDING ANYTHING LEADING TO HIGHER CONSUMER FOOD PRICES AND OF THE NECESSITY TO CURB INFLATIONARY PRESSURES WHICH WERE PARTICULARLY SENSITIVE TO FOOD PRICE INCREASES. FURTHERMORE, HE HAD AGAIN STRESSED THE BRITISH PREFERENCE THAT FARMERS SHOULD BE SUPPORTED BY OTHER MEANS THAN RAISING THE PRICES OF AGRICULTURAL COMMODITIES.

3. THE MAJOR OPPOSITION SPEAKER WAS PETER SHORE, ONE OF LABOR'S LEADING ANTI-EEC SPOKESMEN. SHORE SAID HE WELCOMED THE GOVERNMENT'S CONVERSION TO THE VIEW THAT IT IS OF UTMOST IMPORTANCE TO AVOID ANYTHING THAT WOULD FURTHER INCREASE HIGH CONSUMER PRICES. SHORE PRESSED THE MINISTER FOR AN UNDERTAKING THAT BRITAIN WOULD VETO THE PROPOSED PRICE INCREASES. GODBER ASSURED SHORE THAT HE HAD MADE CLEAR HIS VIEW THAT SOME PRICES ARE TOO HIGH AND HE WAS SEEKING TO BRING THEM DOWN AND DREW ATTENTION TO THE COMMISSION PROPOSAL TO CUT THE BUTTER PRICE. SHORE HAD ASKED GODBER IF THE 2.76 PERCENT PROPOSAL HAD ANY AGRICULTURAL JUSTIFICATION. GODBER SAID "IT IS A MISTAKE TO INVOLVE AGRICULTURAL AND MONETARY MATTERS IN ONE PARTICULAR PROPOSAL. WE FEEL IT WOULD BE USEFUL IF WE COULD HAVE A SEPARATE ARRANGEMENT FOR SCALING DOWN THE DISPARITIES IN MONETARY AFFAIRS WHILE LOOKING AT AGRICULTURAL UN  
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ACTION EUR-25

INFO OCT-01 IO-12 ADP-00 AGR-20 CEA-02 CIAE-00 COME-00

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STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 SAL-01 OMB-01

NEA-10 EA-11 RSR-01 /199 W

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R 301431 Z MAR 73

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 0126

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

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THE COMMUNITY AND SAID INCREASED HOME FOOD PRODUCTION  
WOULD HELP THE HOUSEWIFE.

6. GODBER, HOWEVER, WAS CAREFUL TO POINT OUT THAT UP  
TO THE PRESENT THE CAP HAS NOT HAD AN IMPACT ON CON-  
SUMER PRICES IN THE UK. ONLY NOW ARE RISES IN COMMUNITY  
PRICES BEGINNING TO HAVE SOME EFFECT.

7. NATIONAL FARMERS UNIONS OF ENGLAND AND WALES, OF  
SCOTLAND AND OF NORTHERN IRELAND QUICKLY ISSUED A  
COMMON STATEMENT ATTACKING GODBER'S POSITION. THE  
UNIONS SAY " IT IS QUITE UNREASONABLE THAT THE COUNCIL  
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OF MINISTERS SHOULD BE ASKED TO INSTITUTE A GENERAL  
FREEZE OF AGRICULTURAL PRICES IN EUROPE." THE UNIONS  
IN FACT GO FURTHER THAN THIS AND ALIGN THEMSELVES  
FULLY BEHIND COPA FOR AN AVERAGE PRICE RISE OF 7-1/2  
PERCENT. THE NFU CLAIMS THAT THE COMMISSION'S PRO-  
POSED INCREASES " ARE THEMSELVES INSUFFICIENT TO MEET

COSTS AND MAINTAIN EUROPEAN FARM INCOMES EVEN AT THEIR CURRENT INADEQUATE LEVEL."

8. COMMENT: GODBER' S POSITION IN BRUSSELS HAS RECEIVED VERY EXTENSIVE PRESS COVERAGE INCLUDING FRONT PAGE HEADLINE TREATMENT IN LONDON EVENING STANDARD ON MARCH 27. ( LONDON EVENING NEWSPAPERS ARE NOT NORMALLY RENOWNED FOR THEIR INTEREST IN ISSUES OF SUBSTANCE.) GODBER' S STAND, OF COURSE, CONTINUES AND IS FULLY IN LINE WITH HIS BERLIN GREEN WEEK SPEECH ON THE CAP. ( REF LONDON 00144.) THE FOOD PRICE PROBLEM CONTINUES TO BE THE MAJOR THREAT TO SUCCESS OF GOVERNMENT' S ANTI-INFLATIONARY POLICIES. INDEX OF RETAIL FOOD PRICES ROSE YET AGAIN IN FEBRUARY 1973 AND AT 183.7 ( JANUARY 1962 EQUALS 100) WAS 1.8 PERCENT UP FROM JANUARY.

9. NATIONAL FARMERS' UNION REACTION IS FULLY IN LINE WITH ITS POLICY STAND OF RECENT MONTHS. UNION HAS ALREADY STRONGLY ATTACKED HMG FOR PRESSING FOR HIGH TRANSITIONAL COMPENSATORY AMOUNTS AND SAYS THE BRITISH CONSUMER SHOULD BE BROUGHT MORE QUICKLY UNDER INFLUENCE OF CAP PRICES. UNION, IN FACT, IS EXTREMELY HOSTILE TO MOVES BY HMG TO KEEP ALIVE ANY VESTIGES OF UK' S TRADITIONAL CHEAP FOOD POLICY FOR, IN THE UNION' S OWN WORDS ON THE SUBJECT ON ANOTHER OCCASION, " TRANSIENT POLITICAL REASONS".

ANNENBERG

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\*\*\* Current Classification \*\*\* UNCLASSIFIED

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**Disposition Approved on Date:**  
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**Disposition Case Number:** n/a  
**Disposition Comment:**  
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**To:** BONN  
BRUSSELS  
COPENHAGEN  
DUBLIN  
EUR  
LUXEMBOURG  
PARIS

SECSTATE WASHDC  
THE HAGUE

**Type:** TE

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